CITY OF HASLET, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2016

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CITY OF HASLET, TEXAS

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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RUTLEDGE CRAIN & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS
2401 Garden Park Court, Suite B
Arlington, Texas 76013

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Haslet, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Haslet, Texas as of and for the year ended September 30, 2016, which collectively comprise the City's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discrete component unit, each major fund, and the aggregate remaining fund information of the City of Haslet, Texas as of September 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Texas Society of Certified Public Accountants
Fax (817) 861-9623

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements which collectively comprise the City of Haslet, Texas' financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Rutledge Crain + Company, PC

March 15, 2017

The City of Haslet, Texas (the "City") Management's Discussion and Analysis (MD&A) is a narrative overview and analysis designed to provide the reader a means to identify and understand the financial activity of the City and changes in the City's financial position during the fiscal year ended September 30, 2016.

The Management's Discussion and Analysis is supplemental to, and should be considered along with the City's financial statements.

Financial Highlights

1. The assets and deferred outflows of resources of the City of Haslet exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $24,013,171.

2. The City's net position decreased by ($124,789).

3. As of September 30, 2016, the City of Haslet's governmental funds reported combined ending fund balances of $5,870,549, an increase of $20,458 in comparison with the prior fiscal year. Of this amount, $18,794 is nonspendable; $2,834,932 or 48.3% of the total amount is restricted, an increase of $542,602, $727,930 or 12.4% is committed, a decrease of $304,650; and $2,288,893 or 39.0% of the total amount is unassigned, a decrease of $232,757.

4. As of September 30, 2016, the fund balance for the General Fund decreased by $215,361. Unassigned General Fund balance is $2,288,893, or 79.3% of the total expenditures for the General Fund for 2016.

5. The City's long-term debt decreased by $453,315 after scheduled payments were made to creditors. During 2016, the City issued $3,895,000 of general obligation bonds to refund $3,495,000 of certificates of obligation and $590,000 of general obligation bonds.

Overview of the Financial Statements

The MD&A is intended to introduce the reader to the City's basic financial statements, which are comprised of three components: 1. Government Wide Financial Statements, 2. Fund Financial Statements, and 3. Notes to those Financial Statements. The report also contains other required supplementary information in addition to the basic financial statements.

Government Wide Financial Statements – the government wide financial statements are designed to provide the reader with a general overview of the City's finances in a way that is comparable with financial statements from the private sector. The government wide financial statements consist of two statements:

1. The Statement of Net position – (Exhibit A-1) this statement presents information on all of the City's assets deferred outflows of resources, liabilities; and deferred inflows of resources; the difference between these is reported as net position. Over an extended period, the increase or decrease in net position will serve as a good indicator of whether the financial position of the City is improving or deteriorating.

2. The Statement of Activities – (Exhibit A-2) gives information showing how the City's net position has changed during the fiscal year. All revenues and expenses are reported on the full accrual basis so certain revenue and expense items will result in cash flows in future fiscal periods (such as uncollected taxes or unused vacation leave).

In the above statements, the City's operations are separated into two different types of activities:

1. Governmental Activities – where most of the City's basic activities are reported. These include general government, fire, streets, parks, municipal court, library, public safety, finance, fire marshal, economic development, and public works. Normally, these operations are financed by property taxes, sales taxes, franchise fees, licenses and permits and fines.

2. Business-Type Activity – in this activity, the City charges fees to finance its operations. Examples of this are the City's water and sewer services.

Government-wide financial statements are found on pages 11 thru 13 of this report.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been set aside for specific activities or objectives. Fund financial statements provide detailed information about the most important funds and not about the city as a whole as in the government-wide financial statements.

The City uses fund accounting to demonstrate compliance with finance related legal requirements which can be categorized into two activities – government funds and proprietary funds.

Governmental Funds – Most of the City's activities are reported in governmental funds. They are used to account for those functions known as government activities. But unlike government–wide financial statements, governmental fund financial statements focus on how monies flow into and out of those funds and their resulting balances at the end of the fiscal year. Statements of governmental funds provide a detailed short-term view of the City's general government operations and the basic services it provides. Such information can be useful in evaluating a government's short-term financing requirements.

The City maintains eleven governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Haslet Economic Development Fund (Type A), and the Capital Projects Fund which are considered to be major funds. Data from the other eight funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts annual appropriated budgets for the general fund, special revenue funds and the debt service fund. The budgets for the capital projects funds are adopted on a project length basis. A budgetary comparison statement is provided for each annually budgeted fund to demonstrate compliance with its budget.

Proprietary Funds – These funds are generally used when the City charges a fee for services and the relationship between the City and citizen is more like a customer and supplier. The fees are usually in amounts sufficient to cover the costs associated with providing the service. Proprietary funds provide the same type of information as the government-wide financial statements but in more detail, such as cash flows.

The proprietary fund financial statements provide information for the City's Utility (Water and Sewer) system, which is considered to be a major fund of the City. The basic proprietary fund financial statements can be found on pages 21-23 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-42.

Government-wide Financial Analysis

This statement highlights the information provided in both the Statement of Net Position and Statement of Activities in the government-wide financial statements. It may serve over an extended period of time, as a useful indicator of the City's financial position. At the end of the fiscal year, the City's assets exceeded liabilities by $24,013,171. Of this amount, $17,234,102 (71.8%) reflects the City's investment in capital assets (e.g., land, buildings, machinery and equipment, net of accumulated depreciation); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide service to the community; therefore these assets are not available for future spending.

Government Activities Comparison

Capital assets decreased $271,214 overall due to depreciation ($722,179) and additions to construction in progress for $198,536; additions to buildings and improvements for $45,244; additions to tools and equipment for $38,633; additions to vehicles for $113,453; additions to other improvements for $45,244; and additions to street and drainage improvements for $66,799. Long-term liabilities decreased $233,915 with payments made to reduce bonded debt, capital leases and other obligations. Other liabilities decreased $278,669, due to decreases in accounts payable and accrued liabilities.

Business-type Activities Comparison

Current and other assets decreased $851,061 due to the cash disbursed for issuance of general obligation bonds, acquisition of capital assets and a decrease of water sales. Long-term liabilities decreased $216,400 due to the debt issuance and payments made to reduce capital leases and other obligations. Other liabilities decreased $130,707 due to increases in accounts payable and accrued liabilities.

Statement of Net Position

	Government Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	$ 6,629,843	$ 6,985,569	$ 5,591,071	$ 6,442,132	$ 12,220,914	$ 13,427,701
Capital assets	11,952,625	12,223,839	9,076,638	8,716,287	21,029,263	20,940,126
Total Assets	18,582,468	19,209,408	14,667,709	15,158,419	33,250,177	34,367,827
Deferred Outflows of Resources	181,020	87,066	38,573	51,339	219,593	138,405
Liabilities						
Long-term Liabilities	2,384,636	2,618,551	5,948,547	6,167,947	8,333,183	8,786,498
Other Liabilities	678,237	956,906	288,712	419,419	966,949	1,376,325
Total Liabilities	3,062,873	3,575,457	6,237,259	6,587,366	9,300,132	10,162,823
Deferred Inflows of Resources	132,522	182,383	23,945	23,065	156,467	205,448
Net Position						
Net investment in capital assets	10,190,721	10,448,749	7,043,381	6,757,372	17,234,102	17,206,121
Restricted	752,208	989,603	-	-	752,208	989,603
Unrestricted	4,625,164	4,100,282	1,401,697	1,841,955	6,026,861	5,942,237
Total net position	$ 15,568,093	$ 15,538,634	$ 8,445,078	$ 8,599,327	$ 24,013,171	$ 24,137,961

City operational analysis – The following table provides a summary analysis of the City's operations for the fiscal year ended September 30, 2016. Governmental activities have increased the City's net position by $25,459 which amounts to 0.16% increase in total net position for the year. The City's business-type activity (i.e. water and sewer fund) has decreased the City's assets by $154,248 which amounts to a 1.8% decrease in net position for that activity.

Government Activities Comparison

Revenues

Charges for services decreased $309,844 due to a decrease of building permits. Capital grants and contributions decreased $220,891. Sales tax increased $119,438 due to equipment purchases made by new businesses locating to the City. Gas royalties decreased $27,712.

Expenses

General Government decreased $70,512 due to reallocation of code enforcement activities to planning and zoning. Parks increased $48,246 due to additional personnel and maintenance costs; Public Safety increased $20,988 based on the contract with Tarrant County; Economic Development decreased $87,074 due to reallocation of expense to the Haslet Economic Development Corporation; Public Works decreased $56,065 due to adding the position of City Engineer; and Non-departmental increased $23,271due to decreased cost of IT council supported activities and memberships and IT security services.

Business-type Comparison

Revenues

Charges for services decreased $14,385 due to water revenues and capital grants; contributions increased $151,007 and miscellaneous revenue decreased $41,944 due to Trinity River Authority refund reduction of $39,382.

Expenses

Water and sewer operations increased $207,328 due to additional costs associated with increased wastewater flows which affected expenditures to the TRA (Trinity River Authority). In addition, a portion of the expenses related to the new position of City Engineer are charged in Water and Sewer operations.

Changes in net position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenue						
Program revenue						
Charges for services	$ 518,354	$ 828,198	$ 1,619,839	$ 1,634,224	$ 2,138,193	$ 2,462,422
Operating grants and contributions	108,750	119,000	-	-	108,750	119,000
Capital grants and contributions	40,250	256,891	215,646	64,639	255,896	321,530
General Revenue						
Property tax	1,543,268	1,497,360	-	-	1,543,268	1,497,360
Sales Ttax	1,748,831	1,629,393	-	-	1,748,831	1,629,393
Franchise tax	256,732	271,110	-	-	256,732	271,110
Gas royalties	23,180	50,892	-	-	23,180	50,892
Unrestricted investment earnings	17,680	5,367	16,050	11,276	33,730	16,643
Miscellaneous revenue (expense)	-	-	14,941	56,886	14,941	56,886
Total revenue	4,257,045	4,658,211	1,866,476	1,767,025	6,123,521	6,425,236
Expenses						
Code enforcement	83,279	73,279	-	-	83,279	73,279
General government	342,554	413,066	-	-	342,554	413,066
City secretary	155,582	149,544	-	-	155,582	149,544
Fire	453,640	427,438	-	-	453,640	427,438
Streets	847,029	826,421	-	-	847,029	826,421
Parks	345,798	297,552	-	-	345,798	297,552
Court	109,199	96,935	-	-	109,199	96,935
Library	250,683	202,032	-	-	250,683	202,032
Public safety	609,060	588,072	-	-	609,060	588,072
Finance	125,352	116,311	-	-	125,352	116,311
Fire marshall	-	7,202			-	7,202
Planning	141,573	-	-	-	141,573	-
Economic development	150,616	237,690	-	-	150,616	237,690
Public works	257,718	313,783	-	-	257,718	313,783
Nondepartmental	139,773	116,502	-	-	139,773	116,502
Interest and amortization	93,959	105,471	-	-	93,959	105,471
Water and sewer operations	1,083	1,083	2,141,412	1,934,084	2,142,495	1,935,167
Total expenses	4,106,898	3,972,381	2,141,412	1,934,084	6,248,310	5,906,465
Transfers	(120,688)	(87,079)	120,688	87,079	-	-
Increase (decrease) in net position	$ 29,459	$ 598,751	$ (154,248)	$ (79,980)	$ (124,789)	$ 518,771

Financial analysis of the City's funds

Government Funds - the main focus of the City's governmental funds is to provide information on the flow of monies to and from the funds, and to note the unreserved fund balance which is a good indicator of resources available for spending in the near term. The information derived from these funds is highly useful in assessing the City's financial requirements. The unreserved fund balance may serve as a useful measure of the governments net resources available for use at the fiscal year end.

At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of $5,870,549. The City has approximately $568,668 of unspent capital projects bond proceeds for government activities which are restricted. As the proceeds are spent, there will be a similar increase in unrestricted net position. The City expects to complete the capital projects in Fiscal Year 2017. During the year there was a combined net increase in the fund balances of $20,458.

Proprietary Funds – the City's proprietary fund statements have the same kind of information provided by the governmental statements but are in stated in more detail. Unrestricted net position of the water and sewer fund amounted to $1,401,697.

The Haslet Community and Economic Development Corporation (Type B) has a total restricted fund balance of $3,134,795 at the end of the fiscal year, an increase of $455,133. Revenues for the fund consistently exceed operational expenditures.

At the end of the fiscal year, the Haslet Economic Development Corporation (Type A) has a total restricted fund balance of $2,665,460, an increase of $461,177. Revenues for the fund consistently exceed operational expenditures.

General fund budgetary highlights

There was an overall positive variance of $199,364 or 6.6% for revenue budgeted vs. actual revenue. The majority of the net positive variance was in sales tax revenues of $461,242 due to equipment purchased by new businesses moving into the City of Haslet. Property tax with penalties and interest had a negative variance of $252,480, licenses and permits ($54,652 negative variance) due the decrease number of permits being issued, and gas royalties ($31,820 variance) due to a slowdown of oil and gas drilling activities.

Actual expenditures were under final budgeted expenditures by 2.9% or $85,955. The major contributing factors to this were: Fire was under budget by $23,877 due to position in the department were not filled the complete year and spending less than budgeted on life insurance for volunteer firefighters; Streets was under budget by $44,815 due to spending less than budgeted for materials. Nondepartmental expenditures were reduced due to reallocations of some expenses to other departments as appropriate for their activities.

Excess of revenues over appropriations

Budgeted revenues of the General Fund exceeded the budgeted expenditures by $30,939; actual revenues exceeded actual expenditures by $285,319 due the factors discussed above.

Capital asset and debt administration

The City's investments of capital assets for its governmental and business-type activities as of September 30, 2016 amounted to $21,029,263 net of accumulated depreciation. They represent a broad range of capital assets including but not limited to buildings, land, fire equipment, park facilities, roads, water and sewer lines and a storm water system.

For the year ended September 30, 2016, major additions to capital assets for governmental activities include, land and roadway improvements completed or in progress. For business-type activities, the City continued work on water and sewer infrastructure.

Capital assets net of depreciation at September 30, 2016 and 2015:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	$ 2,094,630	$ 2,106,330	$ 20,142	$ 20,142	$ 2,114,772	$ 2,126,472
Construction in progress	1,014,713	816,177	925,937	261,463	1,940,650	1,077,640
Buildings	2,090,308	2,155,508	-	-	2,090,308	2,155,508
Improvements other than buildings	652,741	708,046	157	-	652,898	708,046
Infrastructure	5,589,229	5,947,420	8,069,197	8,349,550	13,658,426	14,296,970
Equipment	210,497	227,893	61,205	85,132	271,702	313,025
Vehicles	300,507	262,465	-	-	300,507	262,465
Total	$ 11,952,625	$ 12,223,839	$ 9,076,638	$ 8,716,287	$ 21,029,263	$ 20,940,126

Major capital asset events during the current fiscal year included the following:

- Continued with renovations to Fire Station.
- Purchased new command vehicle for the Fire Department.
- Purchased a fire hydrant tooling machine for Public Works.
- Purchased a sand spreader for Public Works.
- Made improvements to water and sewer system infrastructure.

Additional information about the City's capital assets may be found in Note II. C. in the notes to financial statements on pages XX-XX of this report.

Debt administration

Long-Term Debt – at the end of the current fiscal year the City had $8,333,183 in bonded debt, bond premiums and discounts, deferred amount from refunding, notes payable, capital lease obligations, accrued compensated absences, and net pension liability, a decrease of 20.0% from the previous fiscal year. Of this amount, all is backed by the full faith and credit of the government. The City's general obligation debt maintains an "AA" rating from Standard & Poor's investor services.

General debt currently at September 30, 2016 and 2015

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Certificates of obligation	$ -	$ 2,117,000	$ 4,105,000	$ 5,688,000	$ 4,105,000	$ 7,805,000
General obligation bonds	2,305,000	400,400	1,540,000	369,600	3,845,000	770,000
Bond (premium)/discount	209,206	(26,146)	253,093	103,265	462,299	77,119
Deferred amount from refunding	(183,633)	-	36,460	-	(147,173)	-
Note payable	-	90,464	-	-	-	90,464
Capital lease obligations	-	6,822	-	-	-	6,822
Accrued compensated absences	34,047	30,011	9,729	7,082	43,776	37,093
Net pension liability	20,016	-	4,265	-	24,281	-
Total	$ 2,384,636	$ 2,618,551	$ 5,948,547	$ 6,167,947	$ 8,333,183	$ 8,786,498

Additional information about long-term debt may be found in Note II. E. in the notes to financial statements on pages 35-37 of this report.

Economic factors and next year's budgets and rates

The 2016-2017 Budget reflects the positive financial condition of the City, and the ongoing mission of the Haslet City Council to provide cost-effective programs and responsive services to enhance the quality of life in Haslet. The City accomplishes this through the utilization of sound fiscal policy directives and conservation approach in revenue and expenditure forecasting.

Sales tax revenue and property tax revenue are the two largest revenue sources for the City's governmental funds. Property taxes are expected to increase by around 12.0% and sales taxes are budgeted to decrease by 15.0%. The increase in sales tax is due to the City anticipating additional sales tax revenue for new businesses that moved in Haslet. Due to the nature of the volatility I sales tax receipts, the City has been conservative in projecting sales tax revenue and actual receipts have generally met expectations.

Each year, a major objective of the budget process is to focus on identifying cost-savings measures and to cut expenses however possible. Every line item has written justification. Every request is reviewed with the City Administrator and Finance Director. The non-recurring requests are transferred to a Capital Projects Fund, which is funded by General Fund excess revenues over expenditures at year-end. Overall expenditures for General Fund are expected to decrease by 4.4% due to fewer capital expenditures being planned.

The Enterprise (Water/Wastewater) Fund's budget anticipates an increase of approximately 6.1%. The budget includes an additional $100,000 to fund capital projects. The City has a policy to pass through all, or part of the additional charges originating from the City's wholesale contracts with the City of Fort Worth and the Trinity River Authority. For 2015-2016, an increase in water and sewer rates was approved for residential customers and the rates will be effective at the end of November 2016.

Requests for information

Questions concerning any of the information in this report or requests for additional information should be directed to the City of Haslet, Finance Director, 101 Main Street, Haslet, Texas 76052.

BASIC FINANCIAL STATEMENTS

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EXHIBIT A-1

CITY OF HASLET, TEXAS

STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	$ 5,784,231	$ 1,502,294	$ 7,286,525	$ 2,075,971
Receivables (net of allowances):				
Taxes	58,048	--	58,048	--
Accounts	42,819	203,836	246,655	--
Miscellaneous	391,544	--	391,544	--
Intergovernmental	334,407	471	334,878	102,719
Inventories	--	10,987	10,987	959,789
Prepaid items	18,794	--	18,794	--
Restricted assets:				
Cash and cash equivalents	--	3,873,483	3,873,483	--
Capital assets (net of accumulated depreciation, where applicable)				
Nondepreciable property				
Land	2,094,630	20,142	2,114,772	--
Construction in progress	1,014,713	925,937	1,940,650	--
Depreciable property				
Buildings	2,090,308	--	2,090,308	--
Improvements other than buildings	652,741	157	652,898	--
Infrastructure	5,589,229	8,069,197	13,658,426	--
Equipment	210,497	61,205	271,702	--
Vehicles	300,507	--	300,507	--
Total Assets	18,582,468	14,667,709	33,250,177	3,138,479
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension plan expense	181,020	38,573	219,593	4,253
Total Deferred Outflows of Resources	181,020	38,573	219,593	4,253
LIABILITIES				
Accounts payable	195,833	176,217	372,050	1,434
Accrued liabilities	100,386	39,967	140,353	--
Due to other governments	382,018	--	382,018	--
Customer deposits	--	72,528	72,528	2,250
Noncurrent Liabilities:				
Due within one year	260,529	269,560	530,089	--
Due in more than one year	2,124,107	5,678,987	7,803,094	470
Total Liabilities	3,062,873	6,237,259	9,300,132	4,154
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	20,150	--	20,150	--
Deferred pension plan income	112,372	23,945	136,317	2,640
Total Deferred Inflows of Resources	132,522	23,945	156,467	2,640
NET POSITION:				
Net Investment in Capital Assets	10,190,721	7,043,381	17,234,102	--
Restricted For:				
Debt Service	149,703	--	149,703	--
Capital Projects	602,505	--	602,505	--
Unrestricted	4,625,164	1,401,697	6,026,861	3,135,938
Total Net Position	$ 15,568,093	$ 8,445,078	$ 24,013,171	$ 3,135,938

The accompanying notes are an integral part of this statement.

CITY OF HASLET, TEXAS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT				
Code enforcement	$ 83,279	$ --	$ --	$ --
General government	342,554	166,766	--	--
City secretary	155,582	--	--	--
Fire	453,640	4,068	108,750	36,000
Streets	847,029	--	--	--
Parks	345,798	49,236	--	--
Court	109,199	286,116	--	--
Library	250,683	7,703	--	4,250
Public safety	609,060	4,465	--	--
Finance	125,352	--	--	--
Planning	141,573	--	--	--
Economic development	150,616	--	--	--
Public works	257,718	--	--	--
Nondepartmental	139,773	--	--	--
Interest on long-term debt	93,959	--	--	--
Amortization	1,083	--	--	--
Total expenses	4,106,898	518,354	108,750	40,250
Business-type Activities:				
Water and Sewer	2,141,412	1,619,839	--	215,646
Total Business-type Activities	2,141,412	1,619,839	--	215,646
Total Primary Government	$ 6,248,310	$ 2,138,193	$ 108,750	$ 255,896
COMPONENT UNIT:				
Haslet Community and Economic Development Corporation (Type B)	$ 170,739	$ 39,060	$ --	$ --
General Revenues and Transfers:				
Property Taxes				
Sales Taxes				
Franchise Taxes				
Gas royalties				
Unrestricted investment earnings				
Other revenue				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning				
Net Position - Ending				

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	Component Unit
$ (83,279)		$ (83,279)	
(175,788)		(175,788)	
(155,582)		(155,582)	
(304,822)		(304,822)	
(847,029)		(847,029)	
(296,562)		(296,562)	
176,917		176,917	
(238,730)		(238,730)	
(604,595)		(604,595)	
(125,352)		(125,352)	
(141,573)		(141,573)	
(150,616)		(150,616)	
(257,718)		(257,718)	
(139,773)		(139,773)	
(93,959)		(93,959)	
(1,083)		(1,083)	
(3,439,544)		(3,439,544)	
--	$ (305,927)	(305,927)	
--	(305,927)	(305,927)	
(3,439,544)	(305,927)	(3,745,471)	
			$ (131,679)
1,543,268	--	1,543,268	--
1,748,831	--	1,748,831	582,590
256,732	--	256,732	--
23,180	--	23,180	--
17,680	16,050	33,730	5,365
--	14,941	14,941	--
(120,688)	120,688	--	--
3,469,003	151,679	3,620,682	587,955
29,459	(154,248)	(124,789)	456,276
15,538,634	8,599,326	24,137,960	2,679,662
$ 15,568,093	$ 8,445,078	$ 24,013,171	$ 3,135,938

CITY OF HASLET, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	General Fund	Haslet Econ. Develop. Corp. (Type A)
ASSETS		
Cash and investments	$ 2,332,771	$ 2,564,166
Receivables:		
Taxes	47,087	--
Accounts	6,819	--
Miscellaneous	391,544	--
Intergovernmental	231,688	102,719
Prepaid items	17,897	--
Total Assets	$ 3,027,806	$ 2,666,885
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts payable	$ 169,500	$ 1,425
Accrued liabilities	97,708	--
Due to other governments	382,018	--
Total Liabilities	649,226	1,425
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue	71,790	--
Total Deferred Inflows of Resources	71,790	--
FUND BALANCES		
Nonspendable	17,897	--
Restricted	--	2,665,460
Committed	--	--
Unassigned	2,288,893	--
Total fund balances	2,306,790	2,665,460
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 3,027,806	$ 2,666,885

Capital Projects	Other Governmental Funds	Total Governmental Funds
$ 16,087	$ 871,208	$ 5,784,232
--	10,961	58,048
36,000	--	42,819
--	--	391,544
--	--	334,407
--	897	18,794
$ 52,087	$ 883,066	$ 6,629,844
$ 4,629	$ 20,279	$ 195,833
--	--	97,708
--	--	382,018
4,629	20,279	675,559
--	11,946	83,736
--	11,946	83,736
--	897	18,794
--	169,472	2,834,932
47,458	680,472	727,930
--	--	2,288,893
47,458	850,841	5,870,549
$ 52,087	$ 883,066	$ 6,629,844

CITY OF HASLET, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Total fund balances - governmental funds balance sheet	$	5,870,549
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:		
Capital assets used in governmental activities are not reported in the funds.		11,952,625
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		53,670
Payables for bond principal which are not due in the current period are not reported in the funds.		(2,305,000)
Payables for bond interest which are not due in the current period are not reported in the funds.		(2,679)
Payables for compensated absences which are not due in the current period are not reported in the funds.		(34,047)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.		183,633
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.		9,915
Recognition of the City's proportionate share of the net pension liability is not reported in the funds.		(20,016)
Deferred Resource Inflows related to the pension plan are not reported in the funds.		181,020
Deferred Resource Outflows related to the pension plan are not reported in the funds.		(112,372)
Bond premiums are amortized in the SNA but not in the funds.		(209,205)
Net position of governmental activities - Statement of Net Position	$	15,568,093

The accompanying notes are an integral part of this statement.

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CITY OF HASLET, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2016

	General Fund	Haslet Econ. Develop. Corp. (Type A)
REVENUES:		
Property tax, penalties and interest	$ 1,190,810	$ --
Franchise tax	256,731	--
Sales tax	1,166,242	582,589
Licenses and permits	117,998	--
Park development fees	--	--
Fines	279,286	--
Contributions	515	--
Gas royalties	23,180	--
Interest	7,611	6,716
Miscellaneous	161,071	--
Total revenues	3,203,444	589,305
EXPENDITURES:		
Current:		
Code enforcement	82,381	--
Administration	276,617	--
City secretary	157,444	--
Fire	431,209	--
Streets	72,335	--
Parks	188,433	--
Court	107,353	--
Library	239,553	--
Nondepartmental	139,773	--
Public safety	609,060	--
Finance	131,830	--
Planning	142,239	--
Economic development	61,535	86,238
Public works	247,424	--
Capital outlay	--	--
Debt service	--	--
Total expenditures	2,887,186	86,238
Excess (deficiency) of revenues over (under) expenditures	316,258	503,067
OTHER FINANCING SOURCES (USES):		
Transfers in	6,890	--
Transfers out	(538,509)	(41,890)
Proceeds of bond issues	--	--
Payment to refunded bond escrow agent	--	--
Bond issue costs	--	--
Bond premium	--	--
Bond discount	--	--
Total other financing sources (uses)	(531,619)	(41,890)
Net change in fund balances	(215,361)	461,177
Fund balances, October 1	2,522,151	2,204,283
Fund balances, September 30	$ 2,306,790	$ 2,665,460

The accompanying notes are an integral part of this statement.

Capital Projects	Other Governmental Funds	Total Governmental Funds
$ --	$ 363,781	$ 1,554,591
--	--	256,731
--	--	1,748,831
--	--	117,998
--	2,500	2,500
--	15,209	294,495
36,000	4,250	40,765
--	--	23,180
118	3,235	17,680
--	46,736	207,807
36,118	435,711	4,264,578
--	--	82,381
--	--	276,617
--	--	157,444
--	--	431,209
--	--	72,335
--	92,935	281,368
--	9,207	116,560
--	12,851	252,404
--	--	139,773
--	--	609,060
--	--	131,830
--	--	142,239
--	--	147,773
--	--	247,424
579,702	173,020	752,722
--	285,376	285,376
579,702	573,389	4,126,515
(543,584)	(137,678)	138,063
475,000	63,508	545,398
--	(85,687)	(666,086)
--	2,335,000	2,335,000
--	(2,497,880)	(2,497,880)
--	(49,673)	(49,673)
--	233,272	233,272
--	(17,636)	(17,636)
475,000	(19,096)	(117,605)
(68,584)	(156,774)	20,458
116,042	1,007,615	5,850,091
$ 47,458	$ 850,841	$ 5,870,549

EXHIBIT A-6

CITY OF HASLET, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2016

Net change in fund balances - total governmental funds	$	20,458
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		462,665
The depreciation of capital assets used in governmental activities is not reported in the funds.		(722,179)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.		(11,700)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		(11,321)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		213,500
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.		6,822
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.		90,465
Bond issuance costs and similar items are amortized in the SOA but not in the funds.		(1,083)
(Increase) decrease in accrued interest from beginning of period to end of period.		5,421
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		(4,037)
Revenues in the SOA for court fines not providing current financial resources are not reported in the funds.		3,871
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.		(2,335,000)
Bond premiums are reported in the funds but not in the SOA.		(233,272)
Bond discounts are reported in the funds but not in the SOA.		17,636
Payments to refunded bond escrow agent are reported in the funds but not in the SOA		2,497,880
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.		29,333
Change in net position of governmental activities - Statement of Activities	$	29,459

The accompanying notes are an integral part of this statement.

EXHIBIT A-7

CITY OF HASLET, TEXAS

STATEMENT OF NET POSITION
ENTERPRISE FUNDS
SEPTEMBER 30, 2016

	Enterprise Fund Water and Sewer Fund
ASSETS	
CURRENT ASSETS	
Cash and investments	$ 1,502,294
Receivables (net of allowances for uncollectibles):	
Accounts	203,836
Intergovernmental	471
Inventories	10,987
Total Current Assets	1,717,588
NONCURRRENT ASSETS	
RESTRICTED ASSETS	
Cash and cash equivalents	3,873,483
Total Restricted Assets	3,873,483
PROPERTY, PLANT AND EQUIPMENT	
Land	20,142
Construction in progress	925,937
Improvements other than buildings	7,142
Infrastructure	10,875,144
Equipment	341,584
Accumulated depreciation	(3,093,311)
Net Property, Plant and Equipment	9,076,638
Total Assets	14,667,709
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension plan expense	38,573
Total Deferred Outflows of Resources	38,573
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	176,217
Accrued Liabilities	39,967
Compensated absences payable	9,728
General obligation bonds payable - current	145,000
Certificates of obligation payable - current	100,000
Customer deposits	72,528
Total Current Liabilities	543,440
NONCURRENT LIABILITIES	
General obligation bonds payable	1,669,722
Certificates of obligation payable	4,019,832
Net pension liability	4,265
Total Noncurrent Liabilities	5,693,819
Total Liabilities	6,237,259
DEFERRED INFLOWS OF RESOURCES	
Deferred pension plan income	23,945
Total Liabilities	23,945
NET POSITION	
Invested in capital assets, net of related debt	7,043,102
Unrestricted	1,401,976
Total Net Position	$ 8,445,078

The accompanying notes are an integral part of this statement.

CITY OF HASLET, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - ENTERPRISE FUND FOR THE YEAR ENDED SEPTEMBER 30, 2016

OPERATING REVENUES:	
Water service	$ 1,217,062
Sewer service	279,931
Tap connection fees	2,843
Penalties and interest	12,160
Garbage franchise tax	107,843
Total Operating Revenues	1,619,839
OPERATING EXPENSES:	
Administration	155,690
Operating	1,288,133
Shared public works expense	153,833
Depreciation	304,123
Total Operating Expenses	1,901,779
Operating Income (Loss)	(281,940)
NON-OPERATING REVENUES (EXPENSES):	
Interest income	16,050
Miscellaneous income	14,942
Interest expense	(205,429)
Bond issue costs	(34,204)
Total Non-operating Revenues (Expenses)	(208,641)
Income (Loss) before Capital Contributions and Transfers	(490,581)
CAPITAL CONTRIBUTIONS AND TRANSFERS	
Capital Contributions	215,647
Transfers in	120,686
Total Capital Contributions and Transfers	336,333
Net income	(154,248)
Net Position - Beginning	8,599,326
Net Position - Ending	$ 8,445,078

The accompanying notes are an integral part of this statement.

CITY OF HASLET, TEXAS

STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Cash Flows from Operating Activities:	
Cash Received from Customers	$ 1,685,601
Cash Payments to Suppliers for Goods and Services	(1,552,927)
Cash Payments to Employees for Services	(144,025)
Net Cash Provided (Used) by Operating Activities	(11,351)
Cash Flows from Non-capital and Related Financing Activities:	
Payments from other funds	120,687
Net Cash Provided (Used) for Capital & Related Financing Activities	120,687
Cash Flows from Capital and Related Financing Activities:	
Proceeds from bond issuance	1,560,000
Premium received from new bond issue	155,848
Discount paid from new bond issue	(11,783)
Payments to refunding bond escrow agent	(1,668,820)
Principal and Interest Paid	(464,490)
Acquisistion or Construction of Capital Assets	(448,828)
Net Cash Provided (Used) for Capital & Related Financing Activities	(878,073)
Cash Flows from Investing Activities:	
Interest on Investments	16,050
Net Cash Provided (Used) for Investing Activities	16,050
Net Increase (Decrease) in Cash and Cash Equivalents	(752,687)
Cash and Cash Equivalents at Beginning of Year	
Unrestricted cash and investments	1,923,174
Restricted cash	4,205,290
	6,128,464
Cash and Cash Equivalents at End of Year	
Unrestricted cash and investments	1,502,294
Restricted cash	3,873,483
	$ 5,375,777
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	$ (281,940)
Adjustments to Reconcile Operating Income to Net Cash Provided (used) by Operating Activities	
Depreciation and amortization	304,123
Miscellaneous income	14,942
Bond issue costs	(34,204)
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	86,400
Decrease (Increase) in Inventories	(2,411)
Decrease (Increase) in Prepaid Items	--
Decrease (Increase) in Net Pension Asset	--
Increase (Decrease) in Accounts Payable	(82,562)
Increase (Decrease) in Accrued Liabilities	(14,323)
Increase (Decrease) in Customer Deposits	(1,376)
Increase (Decrease) in Net Pension Liability	--
Total Adjustments	270,589
Net Cash Provided (Used) by Operating Activities	$ (11,351)
Noncash investing, capital, and financing activities:	
Contributions of capital assets from component unit	$ 215,646

The accompanying notes are an integral part of this statement.

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I. - SIGNIFICANT ACCOUNTING POLICIES

A. Description of the government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B. Reporting Entity

The City of Haslet (City) was incorporated as a general law municipality in 1961 under the provisions of Chapter 11 Title 28, Texas revised civil statues of 1925. The City operates under a Mayor/Council form of government. The City provides such services as are authorized by the Texas Local Government Code to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The accounting policies of the City of Haslet, Texas, conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board which is the recognized financial accounting standard setting body for governmental entities. The notes to the financial statements are an integral part of the City's financial statements.

The City's (primary government) financial statements include its component units. The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all organizations, activities, functions and component units for which the City (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board. Accordingly the City has included the following:

Blended Component Unit

The Haslet Economic Development Corporation (Type A) was created under the law known as the Development Corporation Act of 1979. Type A is governed by a board of directors comprised of members appointed by the City Council. Capital improvement projects undertaken by Type A are for the benefit of the City. Type A may not issue debt without approval of the City Council. The City must approve changes to Type A's articles of incorporation, may unilaterally terminate Type A, and has residual interest in the net position of Type A. Type A reports its activities using a special revenue fund and it does not issue separate financial statements.

Discretely Presented Component Unit

The Haslet Community and Economic Development Corp. Fund (Type B) was created under the law known as the Development Corporation Act of 1979. Type B is governed by a board of directors comprised of members appointed by the City Council. Capital improvement projects undertaken by Type B benefit parties external to the City. Type B may not issue debt without approval of the City Council. The City must approve changes to Type B's articles of incorporation, may unilaterally terminate Type B, and has residual interest in the net position of Type B. Type B does not issue separate financial statements.

C. Basis of presentation – government-wide

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

E. Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Haslet Economic and Community Development Corp. Fund (Type A) – accounts for use of sales tax revenue for business incentives.

Capital Projects Fund – accounts for use of debt used for related construction projects.

The City reports the following major enterprise fund:

The Water and Sewer Fund operates the water distribution system and the wastewater collection system.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

F. Measurement focus, basis of accounting, and basis of presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or

contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, miscellaneous revenue, and interest income.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer enterprise fund are charges to customers for sales and services. This fund also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

G. Budgetary information, budget procedures

The City Council adheres to the following procedures in establishing the budgets reflected in the accompanying basic financial statements:

1. Annual budgets are adopted on the modified accrual basis of accounting for all governmental funds except the capital projects funds. The Capital Projects and CO Capital Projects funds adopt project length budgets.

2. Between sixty and ninety days prior to the beginning of the fiscal year, the City Administrator submits to the City Council a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.

3. Public hearings are conducted, at which time all interested persons comments concerning the budget are heard.

4. Fifteen days prior to the beginning of the fiscal year, the budget is legally adopted by the City Council enacted through the passage of an ordinance.

5. The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revision that increases the total expenditures of any fund must be approved by the City Council. Therefore, the legal level of budgetary control is the fund level.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

I. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities, excluding mortgage-backed securities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by

the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, excluding mortgage-backed securities; (4) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or the National Credit Union Share Insurance fund, or its successor, (B) secured by obligations that are described by Section 2256.009(a) of the Texas Public Funds Investment Act, including mortgage-backed securities directly issued by a federal agency or instrumentality, but excluding those mortgage-backed securities of the nature described in Section 2256.009(b) of the Act, (C) secured in any other manner and amount provided by law for deposits of the City; or, (5) eligible local government investment pools which invest in instruments and follow practices allowed by current law as defined in Section 2256.016 of the Texas Public Funds Investment Act; (6) regulated no-load money market mutual funds that are (A) registered with and regulated by the Securities and Exchange Commission; (B) having a dollar-weighted average portfolio of ninety (90) days or less; (C) the investment objectives include the maintenance of a stable net asset value of one dollar ($1.00) per share; and (D) the fund is continuously rated no lower than "AAA" or its equivalent rating by at least one nationally recognized rating service; and (7) repurchase agreements, reverse repurchase agreements, bankers' acceptances and commercial paper, to the extent they are contained in the portfolios of approved public funds investment pools in which the City invests.

Investments maturing within one year of date of purchase are stated at cost or amortized cost; all other investments are stated at fair value which is based on quoted market prices.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter fund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles. Water and sewer accounts receivable in excess of 60 days and available customer deposits comprise the allowance for uncollectibles. Ambulance receivables greater than 120 days represent the allowance for uncollectible accounts.

3. Property taxes

The appraisal of property within the City is the responsibility of the Tarrant and Denton County Appraisal Districts as required by legislation passed by the Texas Legislature. Each Appraisal District is required under such legislation to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

The City's property tax is levied and recorded as a receivable each October 1, on the assessed value listed as of the prior January 1, for all real and business property located in the City. Taxes are delinquent on February 1 following the October 1 levy date. A statutory lien becomes effective on all property with unpaid taxes as of January 1 of the year following the assessment.

4. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, bridges, underground structures and piping, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Generally, capital assets are defined by the City as assets with an initial, individual cost of more than $2,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Buildings	15 – 30 years
Water and sewer system infrastructure	20 – 50 years
Street and storm drainage system infrastructure	10 – 30 years
Furniture and equipment	5 – 10 years

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government reports deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources is also reported for deferred pension expenses which are amortized over a five year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. A deferred inflow of resources is also reported for deferred pension inflows which are amortized over a five year period.

7. Compensated absences

Vacation

It is the City's policy to permit employees to accumulate earned but unused vacation pay benefits. No liability is reported for unpaid accumulated sick leave. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements.

Sick Leave

Accumulated sick leave lapses when employees leave the employ of the City and, upon separation from service, no monetary obligation exists.

Liabilities for compensated absences are liquidated by the General Fund.

8. Long-term obligations

In the government-wide financial statements, and proprietary fund type fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method which approximate the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

10. Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund balance policies

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts in the general fund represent intended uses established by the Mayor.

Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

12. Proprietary funds operating and non-operating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund are charges to customers for sales and services. The water fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

J. Revenues and expenditures/expenses

Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and investments

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At year end, the carrying amount of the City's cash on hand and deposits was $3,609,877 for both the primary government and discrete component unit and the bank balance was $3,562,112. All of the bank balance was secured by federal deposit insurance and collateral (fair value of $9,396,361) pledged by the depository in the City's name and held by the depository's agent.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City's investments were held by the counterparty's agent as of September 30, 2016.

	Carrying Amount	Fair Value	Rating Standard & & Poors	Weighted Average Maturity
Primary Government				
Cash	$ 2,809,449			
Investments not subject to categorization:				
Government sponsored investment pool (TexPool)	4,477,076	$ 4,477,076	AAAm	44 days
Restricted government sponsored investment pool (TexPool)	3,873,483	$ 3,873,483	AAAm	44 days
	$ 11,160,008			
Discrete Component Unit				
Cash	$ 800,428			
Investments not subject to categorization:				
Government sponsored investment pool (TexPool)	1,275,543	$ 1,275,543	AAAm	44 days
	$ 2,075,971			

TexPool is an external investment pool operated by the Texas Comptroller of Public Accounts and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Funds Investments Act provide for creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

B. Receivables

Receivables as of year-end for the City's individual major funds, and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities				Business-Type Activities
	General	Capital Projects	Nonmajor	Total	
Taxes receivable	$ 47,087	$ -	$ 10,961	$ 58,048	$ -
Allowance for uncollectible taxes	-	-	-	-	-
	$ 47,087	$ -	$ 10,961	$ 58,048	$ -
Accounts receivable	$ 6,819	$ 36,000	$ -	$ 42,819	$ 226,541
Allowance for uncollectible accounts	-	-	-	-	(22,705)
	$ 6,819	$ 36,000	$ -	$ 42,819	$ 203,836
Miscellaneous receivable	$ 616,855	$ -	$ -	$ 616,855	$ -
Allowance for uncollectible receivables	(225,311)	-	-	(225,311)	-
	$ 391,544	$ -	$ -	$ 391,544	$ -

Deferred Revenue/Unearned Revenue: Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental activities report unearned revenue. At the end of the current fiscal year, the various components of deferred revenue reported in governmental funds and unearned revenue reported in government-wide activities were as follows:

	Deferred	Unearned
Major Funds		
Delinquent property taxes receivable (General Fund)	$ 43,474	$ -
Deferred fine revenue (General Fund)	9,916	-
Health Care Initiative (General Fund)	18,400	18,400
Nonmajor Funds		
Refundable deposits (Park Fund)	1,750	1,750
Delinquent property taxes receivable (1999 Interest & Sinking Fund)	10,196	-
Total deferred/unearned revenue for governmental funds / activities	$ 83,736	$ 20,150

C. Capital assets

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. In accordance with GASB-34, depreciation policies were adopted to include useful lives and classification by function. Infrastructure assets are listed at estimated or actual historical costs. General capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in governmental-type activities. Donated capital assets are valued at their estimated fair market value on the date of donation.

The City uses the following criteria to classify capital assets:

Useful life exceeds one year, and cost equals $5,000 or more for assets acquired by governmental funds.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation and amortization of capital assets are estimated using the straight line method over estimated useful lives and are charged as an expense against operations. Accumulated depreciation and amortization are reported for governmental activities.

Capital asset activity for the year ended September 30, 2016:

Primary Government

	Balance 9/30/2015	Addtions	Retirements	Transfers and Completed Construction	Balance 9/30/2016
GOVERNMENTAL ACTIVITIES:					
Capital assets, not being depreciated:					
Land	$ 2,106,330	$ -	$ (11,700)	$ -	$ 2,094,630
Construction in progress	816,177	198,536	-	-	1,014,713
Total capital assets not being depreciated	2,922,507	198,536	(11,700)	-	3,109,343
Capital assets, being depreciated					
Buildings and improvements	3,276,269	45,244	-	-	3,321,513
Furniture, fixtures, tools and equipment	624,418	38,633	-	-	663,051
Vehicles	1,656,685	113,453	-	-	1,770,138
Improvements other than buildings	1,381,335	-	-	-	1,381,335
Street and drainage improvements	11,789,102	66,799	-	-	11,855,901
Total capital assets being depreciated	18,727,809	264,129	-	-	18,991,938
Less accumulated depreciation for:					
Buildings and improvements	(1,120,760)	(110,445)	-	-	(1,231,205)
Furniture, fixtures, tools and equipment	(396,526)	(56,028)	-	-	(452,554)
Vehicles	(1,394,221)	(75,410)	-	-	(1,469,631)
Improvements other than buildings	(673,288)	(55,306)	-	-	(728,594)
Street and drainage improvements	(5,841,682)	(424,990)	-	-	(6,266,672)
Total accumulated depreciation	(9,426,477)	(722,179)	-	-	(10,148,656)
Total capital assets being depreciated, net	9,301,332	(458,050)	-	-	8,843,282
Governmental activities capital assets, net	$ 12,223,839	$ (259,514)	$ (11,700)	$ -	$ 11,952,625

Depreciation expense was charged to governmental activities functions/programs of the primary government as follows:

General administration	$ 73,474
Fire	115,186
Streets	437,034
Parks and recreation	58,851
Public works	37,634
	722,179
Land - loss on disposal	11,700
	$ 733,879

	Balance 9/30/2015	Addtions	Retirements	Transfers and Completed Construction	Balance 9/30/2016
BUSINESS-TYPE ACTIVITIES:					
Capital assets, not being depreciated:					
Land	$ 20,142	$ -	$ -	$ -	$ 20,142
Construction in progress	261,463	664,474	-	-	925,937
Total capital assets not being depreciated	281,605	664,474	-	-	946,079
Capital assets, being depreciated					
Buildings and improvements	7,142	-	-	-	7,142
Equipment	341,585	-	-	-	341,585
Water and sewer system infrastructure	10,875,143	-	-	-	10,875,143
Total capital assets being depreciated	11,223,870	-	-	-	11,223,870
Less accumulated depreciation for:					
Buildings and improvements	(7,142)	157	-	-	(6,985)
Equipment	(256,453)	(23,927)	-	-	(280,380)
Water and sewer system infrastructure	(2,525,594)	(280,352)	-	-	(2,805,946)
Total accumulated depreciation	(2,789,189)	(304,122)	-	-	(3,093,311)
Total capital assets being depreciated, net	8,434,681	(304,122)	-	-	8,130,559
Business-type activities capital assets, net	$ 8,716,286	$ 360,352	$ -	$ -	$ 9,076,638

Construction and other significant commitments

D. Interfund transfers

Interfund transfers are used to pay an allocation of general and administrative services, provide funds for debt service, contribute toward the cost of capital projects, and for other operational purposes.

	Transfers From Other Funds	Transfers To Other Funds
Major Funds		
General Fund	$ 6,890	$ (538,509)
Haslet Econ Dev Corp - Type A	-	(41,890)
COs Capital Projects	475,000	-
Nonmajor Governmental Funds	63,508	(85,687)
Business-type Funds	120,688	-
	$ 666,086	$ (666,086)

E. Long-term debt

The City of Haslet issues general obligation bonds, certificates of obligation bonds, contractual obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These issues are direct obligations and pledge the full faith and credit of the City.

General Debt Currently Outstanding:

Purpose	Original Amount	Year of Issue	Final Maturity	Annual Payment	Interest Rate	Balance 9/30/2016
General Obligation Bonds						
Improvements	2,335,000	2016	2032	180,775	2.00% - 4.00%	$ 2,305,000
						2,305,000
Bond premium						226,323
Bond Discount						(17,117)
Deferered amount from refunding						(183,633)
Total Governmental Activities Debt						$ 2,330,573

BUSINESS-TYPE ACTIVITIES DEBT

	Original	Year of	Final	Average Annual	Interest	Balance
Certificates of Obligation						
Improvements	$ 4,155,000	2015	2035	$ 287,650	2.20% - 3.00%	$ 4,105,000
General Obligation Bonds						
Improvements	1,560,000	2016	2032	124,575	2.00% - 4.00%	1,540,000
						5,645,000
Bond premium						264,529
Bond Discount						(11,436)
Deferered amount from refunding						36,460
Total Business-Type Activities Debt						$ 5,934,553

During the year, the City issued Series 2016 General Obligation Refunding Bonds to refund portions of outstanding Series 2007 Certificates of Obligation and Series 2007 General Obligation Refunding Bonds which are shared by both governmental activities and business-type activities. The new bonds are allocated 60% and 40% to governmental activities and business-type activities, respectively. Cash flow savings over the life of the new bonds will be $488,988 which have a net present value of $428,357. The Debt Service Fund makes required payments of governmental activities debt.

Annual debt service requirements to maturity for general debt:

Year	Principal	Interest	Total
2017	$ 215,000	$ 74,500	$ 289,500
2018	220,000	70,200	290,200
2019	220,000	65,800	285,800
2020	105,000	59,200	164,200
2021	110,000	56,050	166,050
2022-2026	590,000	229,400	819,400
2027-2030	690,000	116,400	806,400
2032	155,000	6,200	161,200
	$ 2,305,000	$ 677,750	$ 2,982,750

Annual debt service requirements to maturity for business-type activities debt:

Year	Principal	Interest	Total
2017	$ 245,000	$ 169,655	$ 414,655
2018	250,000	163,755	413,755
2019	255,000	157,705	412,705
2020	260,000	150,055	410,055
2021	270,000	142,255	412,255
2022-2026	1,465,000	585,425	2,050,425
2026-2030	1,680,000	355,405	2,035,405
2032-2035	1,220,000	89,100	1,309,100
	$ 5,645,000	$ 1,813,355	$ 7,458,355

During the year ended September 30, 2016, the following changes occurred in liabilities reported as governmental debt:

Description	September 30, 2015	Additions	Retirements	September 30, 2016	Due Within One Year
Governmental activities:					
Certificates of obligation	$ 2,117,000	$ -	$ (2,117,000)	$ -	$ -
General obligation bonds	400,400	2,335,000	(430,400)	2,305,000	215,000
Total bonds payable	2,517,400	2,335,000	(2,547,400)	2,305,000	215,000
Bond premium	4,464	233,272	(11,413)	226,323	14,838
Bond discount	(30,610)	(17,636)	31,129	(17,117)	(3,356)
Deferred amount from refunding	17,459	(189,198)	(11,894)	(183,633)	-
Note payable	90,464	-	(90,464)	-	-
Capital lease obligations	6,822	-	(6,822)	-	-
Accrued compensated absences	30,011	49,220	(45,184)	34,047	34,047
Net pension liability	-	20,016	-	20,016	-
	$ 2,636,010	$ 2,430,674	$ (2,682,048)	$ 2,384,636	$ 260,529

During the year ended September 30, 2016, the following changes occurred in liabilities reported as business-type debt:

Description	September 30, 2015	Additions	Additions	September 30, 2016	Due Within One Year
Business-type activities					
Certificates of obligation	$ 5,688,000	$ -	$ (1,583,000)	$ 4,105,000	$ 100,000
General obligation bonds	369,600	1,560,000	(389,600)	1,540,000	145,000
Total bonds payable	6,057,600	1,560,000	(1,972,600)	5,645,000	245,000
Bond premium	127,204	155,848	(18,523)	264,529	17,494
Bond discount	(23,939)	(11,782)	24,285	(11,436)	(2,663)
Deferred amount from refunding	(28,356)	35,418	29,398	36,460	-
Net pension liability	-	4,265	-	4,265	-
Accrued compensated absences	7,082	9,545	(6,898)	9,729	9,729
	$ 6,139,591	$ 1,753,294	$ (1,944,338)	$ 5,948,547	$ 269,560

F. Fund Balance Classification

	Unspendable	Restricted	Committed	Unassigned	Total
Major Funds					
General Fund	$ 17,897	$ -	$ -	$ 2,288,893	$ 2,306,790
Haslet Economic Development Corp.	-	2,665,460	-	-	2,665,460
Capital Projects	-	-	47,458	-	47,458
Nonmajor Governmental Funds					
Debt service	-	139,507	-	-	139,507
Capital Projects	-	-	555,048	-	555,048
Park improvements	897	-	117,709	-	118,606
Mun. Court Bldg. Security	-	20,617	-	-	20,617
Mun. Court Bldg. Technology	-	9,348	-	-	9,348
Library	-	-	7,715	-	7,715
	$ 18,794	$ 2,834,932	$ 727,930	$ 2,288,893	$ 5,870,549

III. OTHER INFORMATION

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. The City participates in the Texas Municipal League Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the City's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the City's general purpose financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

IV. RETIREMENT COMMITMENTS

A. Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at *www.tmrs.com*.

All eligible employees of the city are required to participate in TMRS.

B. Benefits

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

EMPLOYEES COVERED BY BENEFIT TERMS

Inactive employees (or their beneficiaries) currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	17
Active employees	23
	44

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 9.67% and 8.17% in calendar years 2015 and 2016, respectively. The city's contributions to TMRS for the year ended September 30, 2016, were $107,935 and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time(conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30,2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
Domestic Equity	17.50%	4.55%
International Equities	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.65%
Real Return	10.00%	4.03%
Real Estate	10.00%	5.00%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	8.00%
	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c)
Balance at 12/31/2013	$ 1,663,235	$ 1,765,989	$ (102,754)
Changes for the year:			
Service cost	152,689	-	152,689
Interest	120,684	-	120,684
Change of benefit terms	-		-
Difference between expected and actual experience	(24,699)	-	(24,699)
Changes of assumptions	44,306	-	44,306
Contributions - employer	-	95,444	(95,444)
Contributions - employee		69,090	(69,090)
Net investment income	-	2,606	(2,606)
Benefit payments, including refunds of employee contributions	(31,038)	(31,038)	-
Amortization of prior year assets	-		-
Administrative expense	-	(1,587)	1,587
Other changes	-	(78)	78
Net changes	261,942	134,437	127,505
Balance at 12/31/2014	$ 1,925,177	$ 1,900,426	$ 24,751

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease 5.8%	Current Discount Rate 6.8%	1% Increase 7.8%
Total Pension Liability	$ 2,225,635	$ 1,925,177	$ 1,679,882
Plan Fiduciary Net Positon	1,900,426	1,900,426	1,900,426
Net Pension Liability / (Asset)	$ 325,209	$ 24,751	$ (220,544)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at *www.tmrs.com.*

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the City recognized pension expense of $70,837.

At September 30, 2016, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Total Remaining (Inflow) or Outflow of Resources	Remaining Recognition Period (or amortization years)	Original Recognition Period	Amount Recognized in Expense 12/31/2015	Deferred (Inflows) 12/31/2015	* Deferred Outflows 12/31/2015
Due to Liabilities:						
actual experience actuarial (gains) or losses)	$ (24,699)	12/31/2015	4.1600	$ (5,937)	$ (18,762)	$ -
	(164,749)	12/31/2014	3.6977	(44,554)	$(120,195)	-
Difference in assumption changes actuarial (gains) of losses	$ 44,306	12/31/2015	4.1600	10,650	-	33,656
				(39,841)	(138,957)	33,656
Due to Assets:						
actual earnings on pension plan reserves (actuarial (gains) or losses)	$ 121,013	12/31/2015	5.0000	24,203	-	96,810
	16,582	12/31/2014	4.0000	4,146	-	12,436
Employer contributions made subsequent to measurement date						$ 80,944
				28,349	-	190,190
				$ (11,492)	$(138,957)	$ 223,846

$80,944 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2016	$ (11,492)
2017	(11,492)
2018	1,973
2019	24,956
2020	-
Thereafter	-
	$ 3,945

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REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Government Accounting Standards Board but not considered a part of the basic financial statements.

CITY OF HASLET, TEXAS

EXHIBIT B-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Property tax, penalties and interest	$ 1,443,290	$ 1,443,290	$ 1,190,810	$ (252,480)
Franchise tax	211,500	211,500	256,731	45,231
Sales tax	705,000	705,000	1,166,242	461,242
Licenses and permits	172,650	172,650	117,998	(54,652)
Fines	280,000	280,000	279,286	(714)
Contributions	100	100	515	415
Gas royalties	55,000	55,000	23,180	(31,820)
Interest	2,350	2,350	7,611	5,261
Miscellaneous	134,190	134,190	161,071	26,881
Total revenues	3,004,080	3,004,080	3,203,444	199,364
EXPENDITURES:				
Current:				
Code enforcement	96,100	96,100	82,381	13,719
Administration	267,900	267,900	276,617	(8,717)
City secretary	148,875	148,875	157,444	(8,569)
Fire	455,086	455,086	431,209	23,877
Streets	117,150	117,150	72,335	44,815
Parks	185,735	185,735	188,433	(2,698)
Court	108,900	108,900	107,353	1,547
Library	243,505	243,505	239,553	3,952
Nondepartmental	191,110	191,110	139,773	51,337
Public safety	609,060	609,060	609,060	--
Finance	123,080	123,080	131,830	(8,750)
Planning	127,110	127,110	142,239	(15,129)
Economic development	52,995	52,995	61,535	(8,540)
Public works	246,535	246,535	247,424	(889)
Total expenditures	2,973,141	2,973,141	2,887,186	85,955
Excess (deficiency) of revenues over (under) expenditures	30,939	30,939	316,258	285,319
OTHER FINANCING SOURCES (USES):				
Transfers in	6,890	6,890	6,890	--
Transfers out	(411,400)	(536,400)	(538,509)	2,109
Total other financing sources (uses)	(404,510)	(529,510)	(531,619)	2,109
Net change in fund balances	(373,571)	(498,571)	(215,361)	283,210
Fund balances, October 1	2,522,151	2,522,151	2,522,151	--
Fund balances, September 30	$ 2,148,580	$ 2,023,580	$ 2,306,790	$ 283,210

CITY OF HASLET, TEXAS

EXHIBIT B-2

HASLET ECONOMIC DEVLEOPMENT CORPORATION (TYPE A)
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Sales tax	$ 352,500	$ 352,500	$ 582,589	$ 230,089
Interest	1,500	1,500	6,716	5,216
Total revenues	354,000	354,000	589,305	235,305
EXPENDITURES:				
Current:				
Economic development	1,247,083	1,247,083	86,238	1,160,845
Total expenditures	1,247,083	1,247,083	86,238	1,160,845
Excess (deficiency) of revenues over (under) expenditures	(893,083)	(893,083)	503,067	1,396,150
OTHER FINANCING SOURCES (USES):				
Transfers out	(41,890)	(41,890)	(41,890)	--
Total other financing sources (uses)	(41,890)	(41,890)	(41,890)	--
Net change in fund balances	(934,973)	(934,973)	461,177	1,396,150
Fund balances, October 1	2,204,283	2,204,283	2,204,283	--
Fund balances, September 30	$ 1,269,310	$ 1,269,310	$ 2,665,460	$ 1,396,150

EXHIBIT B-3

CITY OF HASLET, TEXAS

SCHEDULE OF CHANGES IN THE CITY'S
NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN
LAST TEN FISCAL YEARS

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total pension liability:										
Service cost	$ 152,689	$ 127,691	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Interest	120,684	120,806	--	--	--	--	--	--	--	--
Changes of benefit terms	--	--	--	--	--	--	--	--	--	--
Differences between expected and actual experience	(24,699)	(209,303)	--	--	--	--	--	--	--	--
Changes of assumptions	44,306	--	--	--	--	--	--	--	--	--
Benefit payments, including refunds of employee contributions	(31,038)	(75,829)	--	--	--	--	--	--	--	--
Net change in total pension liability	261,942	(36,635)	--	--	--	--	--	--	--	--
Total pension liability - beginning	1,663,235	1,699,870	--	--	--	--	--	--	--	--
Total pension liability - ending (a)	$ 1,925,177	$ 1,663,235	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Plan fiduciary net position:										
Contributions - employer	$ 95,444	$ 69,789	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Contributions - employee	69,090	58,157	--	--	--	--	--	--	--	--
Net investment income	2,606	92,819	--	--	--	--	--	--	--	--
Benefit payments, including refunds of employee contributions	(31,038)	(75,829)	--	--	--	--	--	--	--	--
Administrative expense	(1,587)	(969)	--	--	--	--	--	--	--	--
Other	(78)	(80)	--	--	--	--	--	--	--	--
Net change in plan fiduciary net position	134,437	143,887	--	--	--	--	--	--	--	--
Plan fiduciary net position - beginning	1,765,989	1,622,102	--	--	--	--	--	--	--	--
Plan fiduciary net position - ending (b)	$ 1,900,426	$ 1,765,989	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
City's net pension liability - ending (a) - (b)	$ 24,751	$ (102,754)	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Plan fiduciary net position as a percentage of the total pension liability	98.71%	106.18%	--	--	--	--	--	--	--	--
Covered-employee payroll	$ 987,000	$ 830,821	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
City's net pension liability as a percentage of covered-employee payroll	2.51%	-12.37%	--	--	--	--	--	--	--	--

EXHIBIT B-4

CITY OF HASLET, TEXAS

SCHEDULE OF CITY CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN
LAST TEN FISCAL YEARS

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	$ 105,969	87,476	$ 66,427	$ 51,166	$ 60,849	$ 73,274	$ 74,878	$ 70,838	$ 67,365	$ 67,365
Contributions in relation to the actuarially determined contribution	(105,969)	(87,476)	(66,427)	(51,166)	(60,849)	(73,274)	(74,878)	(70,838)	(67,365)	(67,365)
Contribution deficiency (excess)	$ --	--	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Covered-employee payroll	$ 1,243,086	923,673	$ 823,297	$ 779,075	$ 754,789	$ 675,614	$ 680,893	$ 648,768	$ 567,944	$ 506,067
Contributions as a percentage of covered-employee payroll	-8.52%	-9.47%	-8.07%	-6.57%	-8.06%	-10.85%	-11.00%	-10.92%	-11.86%	-13.31%

Notes to Schedule

Valuation date: 12/31/2015

Methods and assumptions used to determine contribution rates:

Valuation timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial cost method	Entry age, normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	25 years
Asset valuation method	10-year smoothing period, market value recognition method, 15% soft corridor
Inflation	2.5%
Salary increases	3.5%,to 10.50%, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Cost-of-living adjustments	Cost-of-living adjustments are jnot considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement age	Experienced-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational baisi with scale BB.
Demographic assumptions	Tables for annual rates for merit salary increases, termination, disability, service retirement, probabilty of withdrawal, retirement age, turnover, and mortality areavailable in the anual certification for December 31, 2015 which is included in the TMRS CAFR for December 31, 2015.
Benefit changes	There were no benefit changes during 2015.

Information concerning the budget and budget calendar are detailed in footnote I.G. The General Fund and Haslet Economic Development Corporation (Type A) budgets are presented on a generally accepted accounting principles basis.

Combining Statements and Individual Nonmajor Funds as Supplementary Information

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes.

- Park Fund – to account for contributions used for park improvements.
- Municipal Court Building Security Fund – to account for use of municipal court fees assessed for providing security for municipal court.
- Municipal Court Technology Fund – to account for use of municipal court fees assessed for municipal court technology improvements.
- Park Board Improvement Fund – to account for development and impact fees used for park improvements.
- Library Board Fund – to account for contributions used for Library operations and improvements.
- Library Grant Fund – to account for contributions and grants used for library improvement.

Debt Service Fund

- The 1999 Interest and Sinking Fund is used to account for the payment of principal and interest on general long-term bonded debt of the City. Payments of principal and interest on equipment, financing used in general activities of the City and other financing are serviced by the General Fund.

Capital Projects Fund

- C. O. Capital Projects Fund – accounts for use of transfers from other funds used for various construction projects.

Discrete Component Unit

- Haslet Community and Economic Development Corp. (Type B) – to account for use of sales tax for capital improvement projects to benefit parties external to the City.

EXHIBIT C-1

CITY OF HASLET, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Special Revenue Funds	Debt Service Fund: 1999 Interest & Sinking	Capital Projects Fund: COs Capital Projects	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS				
Cash and investments	$ 163,798	$ 138,742	$ 568,668	$ 871,208
Receivables:				
Taxes	--	10,961	--	10,961
Prepaid items	897	--	--	897
Total Assets	$ 164,695	$ 149,703	$ 568,668	$ 883,066
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 6,659	$ --	$ 13,620	$ 20,279
Total Liabilities	6,659	--	13,620	20,279
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	1,750	10,196	--	11,946
Total Deferred Inflows of Resources	1,750	10,196	--	11,946
FUND BALANCES				
Nonspendable	897	--	--	897
Restricted	29,965	139,507	--	169,472
Committed	125,424	--	555,048	680,472
Total fund balances	156,286	139,507	555,048	850,841
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 164,695	$ 149,703	$ 568,668	$ 883,066

EXHIBIT C-2

CITY OF HASLET, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue Funds	Debt Service Fund: 1999 Interest & Sinking	Capital Projects Fund: COs Capital Projects	Total Nonmajor Governmental Funds (See Exhibit A-5)
REVENUES:				
Property tax, penalties and interest	$ --	$ 363,781	$ --	$ 363,781
Park development fees	2,500	--	--	2,500
Fines	15,209	--	--	15,209
Contributions	4,250	--	--	4,250
Interest	413	867	1,955	3,235
Miscellaneous	46,736	--	--	46,736
Total revenues	69,108	364,648	1,955	435,711
EXPENDITURES:				
Current:				
Parks	92,935	--	--	92,935
Court	9,207	--	--	9,207
Library	12,851	--	--	12,851
Capital outlay	7,982	--	165,038	173,020
Debt service	--	285,376	--	285,376
Total expenditures	122,975	285,376	165,038	573,389
Excess (deficiency) of revenues over (under) expenditures	(53,867)	79,272	(163,083)	(137,678)
OTHER FINANCING SOURCES (USES):				
Transfers in	63,508	--	--	63,508
Transfers out	--	--	(85,687)	(85,687)
Proceeds of bond issues	--	2,335,000	--	2,335,000
Payment to refunded bond escrow agent	--	(2,497,880)	--	(2,497,880)
Bond issue costs	--	(49,673)	--	(49,673)
Bond premium	--	233,272	--	233,272
Bond discount	--	(17,636)	--	(17,636)
Total other financing sources (uses)	63,508	3,083	(85,687)	(19,096)
Net change in fund balances	9,641	82,355	(248,770)	(156,774)
Fund balances, October 1	146,645	57,152	803,818	1,007,615
Fund balances, September 30	$ 156,286	$ 139,507	$ 555,048	$ 850,841

CITY OF HASLET, TEXAS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2016

	Park	Municipal Court Bldg. Security	Municipal Court Technology
ASSETS			
Cash and investments	$ 47,208	$ 20,617	$ 9,348
Prepaid items	897	--	--
Total Assets	$ 48,105	$ 20,617	$ 9,348
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 6,267	$ --	$ --
Total Liabilities	6,267	--	--
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	1,750	--	--
Total Deferred Inflows of Resources	1,750	--	--
FUND BALANCES			
Nonspendable	897	--	--
Restricted	--	20,617	9,348
Committed	39,191	--	--
Total fund balances	40,088	20,617	9,348
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 48,105	$ 20,617	$ 9,348

Park Board Improvement	Library Board	Library Grant	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
$ 78,518	$ 6,387	$ 1,720	$ 163,798
--	--	--	897
$ 78,518	$ 6,387	$ 1,720	$ 164,695
$ --	$ --	$ 392	$ 6,659
--	--	392	6,659
--	--	--	1,750
--	--	--	1,750
--	--	--	897
--	--	--	29,965
78,518	6,387	1,328	125,424
78,518	6,387	1,328	156,286
$ 78,518	$ 6,387	$ 1,720	$ 164,695

CITY OF HASLET, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Park	Municipal Court Bldg. Security	Municipal Court Technology
REVENUES:			
Park development fees	$ --	$ --	$ --
Fines	--	6,518	8,691
Contributions	--	--	--
Interest	95	54	16
Miscellaneous	46,736	--	--
Total revenues	46,831	6,572	8,707
EXPENDITURES:			
Current:			
Parks	92,934	--	--
Court	--	2,275	6,932
Library	--	--	--
Capital outlay	--	--	--
Total expenditures	92,934	2,275	6,932
Excess (deficiency) of revenues over (under) expenditures	(46,103)	4,297	1,775
OTHER FINANCING SOURCES (USES):			
Transfers in	60,254	--	--
Total other financing sources (uses)	60,254	--	--
Net change in fund balances	14,151	4,297	1,775
Fund balances, October 1	25,937	16,320	7,573
Fund balances, September 30	$ 40,088	$ 20,617	$ 9,348

Park Board Improvement	Library Board	Library Grant	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
$ 2,500	$ --	$ --	$ 2,500
--	--	--	15,209
--	--	4,250	4,250
224	20	3	412
--	--	--	46,736
2,724	20	4,253	69,107
--	--	--	92,934
--	--	--	9,207
--	2,929	9,922	12,851
7,982	--	--	7,982
7,982	2,929	9,922	122,974
(5,258)	(2,909)	(5,669)	(53,867)
--	3,254	--	63,508
--	3,254	--	63,508
(5,258)	345	(5,669)	9,641
83,776	6,042	6,997	146,645
$ 78,518	$ 6,387	$ 1,328	$ 156,286

CITY OF HASLET, TEXAS

EXHIBIT C-5

PARK FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budget	Actual	Variance Positive (Negative)
REVENUES:			
Interest	$ 10	$ 96	$ 86
Miscellaneous	28,570	46,736	18,166
Total revenues	28,580	46,832	18,252
EXPENDITURES:			
Current:			
Parks	102,250	92,935	9,315
Total expenditures	102,250	92,935	9,315
Excess (deficiency) of revenues over (under) expenditures	(73,670)	(46,103)	27,567
OTHER FINANCING SOURCES (USES):			
Transfers in	59,500	60,254	754
Total other financing sources (uses)	59,500	60,254	754
Net change in fund balances	(14,170)	14,151	28,321
Fund balances, October 1	25,937	25,937	--
Fund balances, September 30	$ 11,767	$ 40,088	$ 28,321

CITY OF HASLET, TEXAS

MUNICIPAL COURT BUILDING SECURITY
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT C-6

	Budget	Actual	Variance Positive (Negative)
REVENUES:			
Fines	$ 6,000	$ 6,518	$ 518
Interest	25	54	29
Total revenues	6,025	6,572	547
EXPENDITURES:			
Current:			
Court	3,600	2,275	1,325
Total expenditures	3,600	2,275	1,325
Net change in fund balances	2,425	4,297	1,872
Fund balances, October 1	16,320	16,320	--
Fund balances, September 30	$ 18,745	$ 20,617	$ 1,872

CITY OF HASLET, TEXAS

EXHIBIT C-7

MUNICIPAL COURT TECHNOLOGY
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budget	Actual	Variance Positive (Negative)
REVENUES:			
Fines	$ 8,000	$ 8,691	$ 691
Interest	5	16	11
Total revenues	8,005	8,707	702
EXPENDITURES:			
Current:			
Court	7,450	6,932	518
Total expenditures	7,450	6,932	518
Net change in fund balances	555	1,775	1,220
Fund balances, October 1	7,573	7,573	--
Fund balances, September 30	$ 8,128	$ 9,348	$ 1,220

CITY OF HASLET, TEXAS

EXHIBIT C-8

PARK BOARD IMPROVEMENT FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budget	Actual	Variance Positive (Negative)
REVENUES:			
Park development fees	$ 5,000	$ 2,500	$ (2,500)
Interest	100	224	124
Total revenues	5,100	2,724	(2,376)
EXPENDITURES:			
Current:			
Capital outlay	39,000	7,982	31,018
Total expenditures	39,000	7,982	31,018
Net change in fund balances	(33,900)	(5,258)	28,642
Fund balances, October 1	83,776	83,776	--
Fund balances, September 30	$ 49,876	$ 78,518	$ 28,642

CITY OF HASLET, TEXAS

EXHIBIT C-9

LIBRARY BOARD FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budget	Actual	Variance Positive (Negative)
REVENUES:			
Interest	$ --	$ 20	$ 20
Total revenues	--	20	20
EXPENDITURES:			
Current:			
Library	4,000	2,929	1,071
Total expenditures	4,000	2,929	1,071
Excess (deficiency) of revenues over (under) expenditures	(4,000)	(2,909)	1,091
OTHER FINANCING SOURCES (USES):			
Transfers in	3,060	3,254	194
Total other financing sources (uses)	3,060	3,254	194
Net change in fund balances	(940)	345	1,285
Fund balances, October 1	6,042	6,042	--
Fund balances, September 30	$ 5,102	$ 6,387	$ 1,285

CITY OF HASLET, TEXAS

1999 INTEREST & SINKING FUND
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT C-10

	Budget	Actual	Variance Positive (Negative)
REVENUES:			
Property tax, penalties and interest	$ 348,655	$ 363,781	$ 15,126
Interest	200	867	667
Total revenues	348,855	364,648	15,793
EXPENDITURES:			
Current:			
Debt service	288,421	285,376	3,045
Total expenditures	288,421	285,376	3,045
Excess (deficiency) of revenues over (under) expenditures	60,434	79,272	18,838
OTHER FINANCING SOURCES (USES):			
Proceeds of bond issues	--	2,335,000	2,335,000
Payment to refunded bond escrow agent	--	(2,497,880)	2,497,880
Bond issue costs	--	(49,673)	49,673
Bond premium	--	233,272	233,272
Bond discount	--	(17,636)	17,636
Total other financing sources (uses)	--	3,083	(3,083)
Net change in fund balances	60,434	82,355	21,921
Fund balances, October 1	57,152	57,152	--
Fund balances, September 30	$ 117,586	$ 139,507	$ 21,921

CITY OF HASLET, TEXAS

HASLET COMMUNITY AND ECONOMIC DEVELOPMENT CORPORATION (TYPE B)
DISCRETELY PRESENTED COMPONENT UNIT
BALANCE SHEET
SEPTEMBER 30, 2016

	General Fund
ASSETS	
Cash and investments	$ 2,075,971
Intergovernmental receivables	102,719
Inventories	959,789
Total Assets	$ 3,138,479
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ 1,434
Liabilities payable from restricted assets:	
Customer deposits	2,250
Total Liabilities	3,684
Fund balances:	
Committed	3,134,795
Total fund balances	3,134,795
Total Liabilities and Fund Balances	$ 3,138,479

EXHIBIT C-12

CITY OF HASLET, TEXAS

HASLET COMMUNITY AND ECONOMIC DEVELOPMENT CORPORATION (TYPE B) DISCRETELY PRESENTED COMPONENT UNIT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Total fund balances - governmental funds balance sheet	$	3,134,795
Recognition of the net pension liability is not reported in the fund.		(470)
Deferred Resource Outflows related to the pension are not reported in the fund.		4,253
Deferred Resource Inflows related to the pension are not reported in the fund.		(2,640)
Net position of governmental activities - Statement of Net Position	$	3,135,938

CITY OF HASLET, TEXAS

EXHIBIT C-13

HASLET COMMUNITY AND ECONOMIC DEVELOPMENT CORPORATION (TYPE B)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Sales tax	$ 352,500	$ 582,590	$ 230,090
Interest	1,500	5,365	3,865
Miscellaneous	40,200	39,060	(1,140)
Total revenues	394,200	627,015	232,815
EXPENDITURES:			
Current:			
Economic development	1,396,473	171,882	1,224,591
Total expenditures	1,396,473	171,882	1,224,591
Net change in fund balances	(1,002,273)	455,133	1,457,406
Fund balances, October 1	2,679,662	2,679,662	--
Fund balances, September 30	$ 1,677,389	$ 3,134,795	$ 1,457,406

EXHIBIT C-14

CITY OF HASLET, TEXAS

HASLET COMMUNITY AND ECONOMIC DEVELOPMENT CORPORATION (TYPE B) DISCRETELY PRESENTED COMPONENT UNIT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2016

Net change in fund balances - total governmental funds	$	455,133
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds		1,143
Change in net position of governmental activities - Statement of Activities	$	456,276

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